

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAЕ-00
OMB-01 STRE-00 /106 W

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R 091325Z DEC 76

FM AMEMBASSY PARIS
TO SECSTATE WASHDC 7806
INFO AMEMBASSY BONN
USMISSION EC BRUSSELS
USDEL MTN GENEVA
AMEMBASSY LONDON
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 03 PARIS 36418

PASS STR

E.O. 11652: GDS
TAGS: ETRD, MTN, FR
SUBJECT: FURTHER ON FRENCH ATTITUDES TOWARD MTN

REF: (A) MTN GENEVA 9730, (B) PARIS 33900 (NOTAL),
(C) MTN GENEVA 8966 (NOTAL), (D) PARIS 36275 (NOTAL)

1. SUMMARY. QUAI DIRECTOR OF ECONOMIC AND FINANCIAL AFFAIRS FROMENT-MEURICE SAYS IN LAST SEVERAL YEARS U.S. INCREASINGLY VIEWED IN FRANCE AS SCENE OF GROWING PROTECTIONISM, EVEN THOUGH GOF KNOWS USG NOT ITSELF BECOMING MORE PROTECTIONIST. NEVERTHELESS BELIEVES MTN COULD BE WRAPPED UP IN 1977 WITH RESPECT BOTH TO TARIFF AND NON-TARIFF BARRIERS, ESPECIALLY IF USG ABANDONED ITS ASSIMILATION OF INDUSTRY AND AGRICULTURE. ECONMINISTER IN REPLY AGREED PROGRESS SHOULD BE POSSIBLE ON TARIFF AND NTB FRONTS BUT MADE CLEAR THAT OUR NEGOTIATING MANDATE REQUIRES THAT BOTH AGRICULTURE AND INDUSTRY BE DEALT WITH AND THAT IS WHAT WE EXPECT TO CONTINUE TO DO. OUR UNHAPPINESS WITH RECENT

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COMMENTS BY NEW FOREIGN TRADE MINISTER ROSSI WAS

DISCUSSED AND IT WAS AGREED THAT WE SHOULD CONTINUE OUR CAMPAIGN TO EDUCATE HIM ON U.S. TRADE POLICY. EMBASSY AGREES WITH USDEL MTN GENEVA VIEW (REFTEL A) THAT STATEMENT OF FOREIGN TRADE MINISTER MUST BE TAKEN SERIOUSLY, BUT NOTES THAT HIS STATEMENT TO FRENCH ECONOMIC AND SOCIAL COUNCIL WAS NOT PUBLIC DOCUMENT RELEASED BY GOF AND URGES THAT IF ANY DISTRIBUTION MADE OF HIS STATEMENT IT SHOULD BE ACCOMPANIED BY CAVEAT THAT MINISTER IS NEW IN JOB AND NOT YET FULLY AWARE OF ALL ASPECTS OF TRADE POLICY SITUATION. END SUMMARY.

2. IN COURSE DECEMBER 7 TOUR D'HORIZON WITH HENRI FROMENT-MEURICE, DIRECTOR, ECONOMIC AND FINANCIAL AFFAIRS AT MFA, EMBASSY ECONMINISTER INDICATED, IN RESPONSE TO F-M'S QUESTION, THAT ISSUE IN U.S.-FRENCH ECONOMIC RELATIONS CAUSING US THE MOST CONCERN CURRENTLY WAS IN TRADE POLICY AREA.

3. FROMENT-MEURICE AGREED THAT WHILE AT PRESENT THERE WERE FEW BASIC U.S.-FRENCH DIFFERENCES IN ECONOMIC AREA, TRADE POLICY WAS INDEED THE SIGNIFICANT EXCEPTION. HE SAID GOF DID NOT RPT NOT MAINTAIN THAT USG WAS BECOMING MORE PROTECTIONIST, BUT ASSERTED THAT THERE WAS GROWING IMPRESSION IN FRANCE THAT PROTECTIONISM WAS ON THE MARCH IN AMERICA. HE SAID IN LAST FEW YEARS IMAGE OF U.S. IN FRANCE HAS BECOME ONE OF A COUNTRY WHICH IS DETERMINED TO PROTECT ITS OWN ECONOMY, WHATEVER THE COST TO OTHERS. THUS, POPULAR FRENCH VIEW IS THAT THE U.S. TRADE ACT, PASSED IN 1974, WAS INTENDED BY CONGRESS TO ARM THE ADMINISTRATION WITH TOOLS AND WEAPONS FOR USE IN DEFENDING U.S. ECONOMY AGAINST THREATS FROM FOREIGN TRADE. THIS IS NOT JUST A DAMOCLES SWORD HANGING OVER MTN; IT IS A PRESENT OBSTACLE WHICH IS IMPEDED PROGRESS IN MTN.

4. ECONMINISTER SAID HE WAS VERY MUCH AWARE OF VIEW BEING BRUITED ABOUT IN FRANCE THESE DAYS THAT U.S. INCREASINGLY PROTECTIONIST AND THAT TRADE ACT BEING CONFIDENTIAL

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USED TO EXTRACT MAXIMUM FROM TRADING PARTNERS WHILE MAKING NO CONCESSIONS ON U.S. SIDE. HE SAID HE ALSO APPRECIATED THAT FROMENT-MEURICE KNEW THIS WAS UNTRUE, AND REHEARSED SOME OF HISTORY OF TRADE ACT AND ITS OBJECTIVE OF INSURING SUCCESSFUL USG PARTICIPATION IN TRADE NEGOTIATIONS WHICH WOULD LEAD TO GREATER LIBERALIZATION OF WORLD TRADE. ALSO DESCRIBED MECHANISMS CREATED BY TRADE ACT TO CONSIDER COMPLAINTS OF AMERICANS

FEELING THEMSELVES INJURED BY FOREIGN TRADE AND TO TAKE ACTIONS OTHER THAN PROTECTIONIST TO COMPENSATE INJURED PARTIES WHERE INJURY IN FACT FOUND TO HAVE OCCURRED. HE NOTED THIS MECHANISM SERVED AS SAFETY VALVE TO AVOID BUILDING UP OF PRESSURE ON CONGRESS

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FM AMEMBASSY PARIS

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USMISSION EC BRUSSELS

USDEL MTN GENEVA

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FOR PROTECTIONIST LEGISLATION. SAID RECORD OF USG IN THIS RESPECT EXCEEDINGLY GOOD, WITH VERY FEW INSTANCES, IN HUNDREDS OF CASES, IN WHICH USG FINALLY REQUIRED TO TAKE ACTIONS WHICH COULD BE LABELLED PROTECTIONIST. OBSERVED THAT WE HAD APPARENTLY HAD LITTLE SUCCESS IN OUR EFFORTS TO EXPLAIN OUR POSITIONS ON TRADE POLICY TO FRENCH PUBLIC AND TO FRENCH OFFICIALDOM, AND THIS SHOULD BE HIGH PRIORITY TOPIC FOR US IN COMING YEAR. ADDED THAT WE WERE PARTICULARLY DISTURBED BY RECENT STATEMENTS MADE BY NEW MINISTER OF FOREIGN TRADE ANDRE ROSSI (REFTEL A) WHICH REVEALED FAIRLY COMPLETE MISUNDERSTANDING OF U.S. POSITION.

5. FROMENT-MEURICE DID NOT DISPUTE DESIRABILITY
EXPLAINING U.S. FREE TRADE ATTITUDES MORE FULLY AND
SUGGESTED WE MIGHT START OUR EDUCATION CAMPAIGN WITH
MINISTER ROSSI. ECONMINISTER SAID THIS HAD ALREADY
BEGUN, BOTH IN HIS OWN CALLS ON ROSSI AND IN A RECENT
VISIT BY AMBASSADOR WALKER. IN EACH MEETING WE HAD
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LEFT DISCOURAGED AND WITH FEELING THAT OUR VOICES HAD
NOT BEEN HEARD.

6. FROMENT-MEURICE SAID HE THOUGHT IT SHOULD BE
POSSIBLE TO WIND UP MTN IN 1977 IF WE DID NOT TRY
TO TACKLE TOO MUCH. ON TARIFF SIDE, IT SHOULD BE
POSSIBLE TO FIND A FORMULA FOR "HOMOGENEOUS REDUCTION"
ACHIEVING "SIMILAR LEVELS OF TARIFF" FOR ALL PARTIES.
ON NON-TARIFF BARRIERS PROGRESS SHOULD ALSO BE POSSIBLE
ALTHOUGH GOF IS HYPERSENSITIVE ABOUT "VALEUR EN
DOUANE" (THIS IS REFERENCE TO GOF UNHAPPINESS ABOUT
U.S. CUSTOMS VALUATION PRACTICES) AND WILL NOT BUDGE
ON THIS POINT. FINALLY, IF USG WILL JUST ABANDON ITS
ASSIMILATION OF INDUSTRY AND AGRICULTURE, IT SHOULD
BE RELATIVELY EASY TO CONCLUDE THE MTN IN 1977.

7. ECONMINISTER SAID WHILE WE MAY AT TIMES HAVE BEEN
JOUSTING WITH SEMANTIC PROBLEMS, 1) ON THE TARIFF
FORMULA, SEVERAL PROPOSALS ARE ON THE TABLE WHICH
MIGHT PROVIDE THE BASIS FOR A NEGOTIATED SOLUTION;
SIMILARLY, 2) THE IDENTIFICATION OF NON-TARIFF
BARRIERS HAS BEEN GOING FORWARD AND WE SHOULD BE ABLE
TO MAKE PROGRESS ON THEIR ELIMINATION; BUT 3) ON
AGRICULTURE, IT MUST BE UNDERSTOOD THAT WE INTEND TO
PURSUE THE MTN WITH RESPECT TO BOTH AGRICULTURE AND
INDUSTRY. WE ARE NOT ABOUT TO ABANDON AGRICULTURAL
TRADE QUESTIONS AND DEAL ONLY WITH INDUSTRIAL
QUESTIONS; OUR NEGOTIATING MANDATE REQUIRES THAT BOTH
AGRICULTURE AND INDUSTRY BE DEALT WITH AND THAT IS
WHAT WE ARE SEEKING TO DO.

8. COMMENT. FRENCH ARE OBVIOUSLY CONCERNED ABOUT
THEIR VERY UNSATISFACTORY TRADE PERFORMANCE IN 1976,
AND THE TEMPTATION IS GREAT TO FIND A WHIPPING BOY.
OF COURSE STATEMENTS BY FRENCH MINISTER OF FOREIGN
TRADE MUST BE TAKEN SERIOUSLY, BUT IT SHOULD BE NOTED
THAT ROSSI IS VERY NEW ON THIS JOB AND HAS BROUGHT TO
IT FROM HIS PREVIOUS ASSIGNMENT AS GOVERNMENT SPOKESMAN
WHAT APPEARS TO BE AN UNFORTUNATE TENDENCY TO SAY
WHAT HE THINKS HIS AUDIENCE WANTS TO HEAR. WE
NOTE ALSO, AS REPORTED IN REFTEL A, THAT ROSSI'S

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STATEMENT TO FRENCH ECONOMIC AND SOCIAL COUNCIL WAS
NOT A PUBLIC DOCUMENT RELEASED BY GOF. WE WOULD BE

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VERY SURPRISED, FOR EXAMPLE, IF PRIME MINISTER BARRE
WERE TO TAKE (OR AGREE WITH) SOME OF THE POSITIONS
WHICH ROSSI TOOK IN HIS STATEMENT. WE SUSPECT THIS
IS MORE POSTURE THAN POSITION. WE HAVE NOT GIVEN UP
ON HIM, BUT THINK HE IS EDUCABLE, THOUGH IT MAY BE
SLOW GOING. HE HOPES TO VISIT U.S. EARLY NEXT YEAR AND
THIS SHOULD PROVIDE ADDITIONAL OPPORTUNITIES FOR
EDUCATIONAL PROCESS. MEANWHILE, HOWEVER, WE BELIEVE
THAT ANY DISTRIBUTION OF ROSSI'S STATEMENT (WHICH WE
DO NOT IN ANY CASE ADVOCATE) SHOULD BE ACCCOMPANIED BY

SOME SORT OF CAVEAT INDICATING THAT THIS IS A STATEMENT
BY A NEW MINISTER WHO CLEARLY DOES NOT YET KNOW ALL
THE INS AND OUTS OF THE TRADE POLICY SITUATION AND
WHOM WE HOPE EVENTUALLY CAN BE BROUGHT AROUND TO A
MUCH BETTER UNDERSTANDING OF U.S. TRADE POLICIES AND
POSITIONS. READERS MAY WISH ALSO TO TAKE A LOOK AT
REFTEL D REPORTING CONVERSATION ON DECEMBER 8 WITH
PIERRE LOYQUE, AUTHOR OF MTN REPORT TO FRENCH ECONOMIC
AND SOCIAL COUNCIL. THIS REPORT IS VERY CRITICAL OF
TRADE ACT AND MINISTER ROSSI'S COMMENTS WERE AT LEAST
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IN PART RELATED TO THIS REPORT. WE FOUND LOYGE TO BE
OPEN, REASONABLE, AND EDUCABLE AND PLAN TO CONTINUE
THE DIALOGUE WE HAVE BEGUN WITH HIM IN THE HOPE THAT
HE MAY IN TURN BE ABLE TO HAVE A POSITIVE EFFECT ON
INFLUENTIAL PERSONS IN THE GOF.

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